

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1109-01
Bill No.: HB 690
Subject: Children and Minors; Department of Elementary and Secondary Education;
Health Care; Department of Health and Senior Services
Type: Original
Date: March 25, 2011

Bill Summary: This legislation changes the laws regarding immunizations for children.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
Total Estimated Net Effect on General Revenue Fund	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 6 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
Total Estimated Net Effect on FTE	0	0	0

☐ Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).

☐ Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Sections 167.181 & 210.003:

Officials from the **Department of Elementary and Secondary Education** and the **Department of Health and Senior Services** each assume the proposal would have no fiscal impact on their respective agencies.

Officials from the **Office of the Secretary of State (SOS)** state many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The SOS is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. The fiscal impact for this fiscal note to the SOS for Administrative Rules is less than \$2,500. The SOS recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, the SOS also recognizes that many such bills may be passed by the General Assembly in a given year and that collectively the costs may be in excess of what the office can sustain with the core budget. Therefore, the SOS reserves the right to request funding for the cost of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the governor.

Oversight assumes the SOS could absorb the costs of printing and distributing regulations related to this proposal. If multiple bills pass which require the printing and distribution of regulations at substantial costs, the SOS could request funding through the appropriation process. Any decisions to raise fees to defray costs would likely be made in subsequent fiscal years.

Officials from the **Department of Social Services-MO HealthNet Division (MHD)** assumes the Department of Health and Senior Services (DHSS) currently promulgates rules that determine the type, manner and frequency of immunizations that are required for children entering school, day care, pre-school and nursery school. Their current rules are based on the recommendations from ACIP. It is assumed that the intent of this legislation is to limit the required immunizations to those currently listed in Section 167.181 and to remove the flexibility that DHSS currently has in determining which immunizations are required. Further, new immunizations recommended by ACIP could not be added to the list of required immunizations without a statutory change. It is also assumed that the language allows the DHSS to require no immunizations.

ASSUMPTION (continued)

The varicella immunization is currently recommended by the DHSS for school-aged children but is not listed in Section 167.181. The varicella, pneumonia and influenza immunizations are currently recommended by DHSS for children in day care centers, pre-school and nursery schools but are not in Section 167.181. Since there would be fewer immunizations required, it is assumed fewer immunizations would be provided to children.

It is also assumed that the new language allowing the DHSS to require zero frequency of immunization is permissive only and that the DHSS will not change their rules to allow zero frequency of immunizations.

If this legislation were passed more parents may choose to provide fewer immunizations to their children. While it is possible that this could result in a lower cost to the MHD for vaccine administrations, it is likely that more children will become sick with preventable diseases and require medical treatment including hospitalization. The MHD assumes the cost of treating preventable diseases will offset any savings that may be incurred by fewer immunizations.

The average cost in FY11 for one day of hospitalization under MO HealthNet is about \$968. According to the CDC, the average length of hospital stay in 2007 for children with pneumonia was 3.2 days. It would take only 42 additional children needing hospitalization for 3 days for the cost to exceed \$100,000 annually $[(3 \text{ days} \times 42 \text{ children}) \times \$968] = \$121,968$.

Currently, immunizations provided to children under MO HealthNet are reimbursed under the Vaccine for Children (VFC) program. The cost for the vaccine is paid for by the CDC. The MHD reimburses providers for the administration fee for immunizations. The administration fee ranges from about \$5 to \$25 depending on the type of vaccine administered. In FY10, the MHD paid about \$1,960,980 for all immunizations for children under the age of 21 years. The administration fee for a series of pneumonia immunizations is \$20 ($\$5 \times 4 \text{ shots}$). If 42 children did not receive a pneumonia vaccine the cost savings would be \$840 annually ($42 \times \$20 = \840).

Many factors influencing this cost are unknown. But, based only on the above parameters, the net cost for one full year could be \$121,128 ($\$121,968 - \$840 = \$121,128$) or higher. MHD assumes this to be the lowest in a range of costs since un-immunized children may contract other preventable diseases which would require treatment. An inflation factor of 3.6% was applied to FY13 and FY14.

FY12 (10 mths):	Total Unknown > \$100,940 (GR Unknown > \$37,055);
FY13:	Total Unknown > \$125,489 (GR Unknown > \$46,067);
FY14:	Total Unknown > \$130,007 (GR Unknown > \$47,726).

SEC:LR:OD (12/02)

ASSUMPTION (continued)

Oversight assumes, because the potential for positive or negative fiscal impact is speculative, that the MHD will not incur significant savings or costs related to this proposal. If a negative fiscal impact were to result, the MHD may request additional funding through the appropriations process.

<u>FISCAL IMPACT - State Government</u>	FY 2012 (10 Mo.)	FY 2013	FY 2014
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2012 (10 Mo.)	FY 2013	FY 2014
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

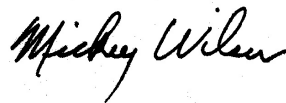
FISCAL DESCRIPTION

The proposed legislation appears to have no fiscal impact.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Elementary and Secondary Education
Department of Health and Senior Services
Office of the Secretary of State
Department of Social Services



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